Mitigating fraud and maximizing sales for the online Gaming industry in troubled economic times

CRUNCH TIME

TO ADD INSULT TO INJURY with the regulatory challenges in the gaming space, the world is sinking into an economic meltdown. The key gaming markets of the UK and Europe including Germany, France, Italy, Malta and Spain, are all battling the credit crunch, as are countries across the globe.

Meanwhile, there is much debate about the emerging markets and the slowdown of their development, due not only to the global economic crisis, but to the costly nature of Internet and telecom infrastructure implementation required to facilitate online and remote gaming transactions.

The good news for online gaming, however, is that consumers are staying at home. People are tightening their belts and generally becoming more frugal with their spending. They are staying at home and dining in, rather than spending their money at fancy restaurants and other entertainment venues.

The UK's largest clothing retailer, Marks & Spencer, has already jumped on this trend in an effort to sustain sales. They took out prime time TV advertising spots in 2008 highlighting the benefits of eating "out" at home. In September 2008, for instance, the company launched a food TV campaign to promote its new Italian range with an emphasis on restaurant quality food to enjoy at home.

So if consumers are spending more time at home, this means that they are also spending more time in front of the television and... on the Internet.

While I am not suggesting that the online gaming industry is immune to the credit crisis, we know that people are staying home, they are going online, and they are looking for entertainment. Enter Internet gaming... and perhaps, some growth in the already burgeoning online gaming sector?

PROTECTING SALES WITH CONSUMER AUTHENTICATION

Credit cards, of course, are crucial to the online gaming industry worldwide, and protecting 'sales' on these credit cards will become even more important if the volume of transactions increase and/or if merchants are attracting "new" consumer groups.

And as gaming companies are hit by falling share prices and potential issues with liquidity and cash flow, and criminals work harder to find ways to steal, protecting every transaction is paramount.

Gaming merchants must maximize their online sales or 'card-loads' by ensuring optimal fraud protection. First and foremost, they need to authenticate their consumer prior to the transaction.

First Atlantic Commerce offers a unique anonymous multi-currency Cardholder Account Confirmation (pre-screening) service that authenticates a cardholder's card by processing random micropayment transaction amounts prior to confirming an account registration, for example.

AUTHORPROFILE

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You can also pre-screen your merchants with Address Verification Services (for global merchants doing business with North American consumers). We can provide this service as an anonymous address match check, and it can be submitted without a monetary authorisation request so the cardholder's card is not even authorised.

Card ID Verification including CVV2 for Visa, CVC2 for MasterCard® and CID for American Express, should also be used as part of a gaming merchant's new consumer registration procedure and subsequent transaction screening process. If you are not already doing this, you need to implement it immediately. Card Verification is basic fraud control.

3-D Secure™ based payer authentication services are also key, as they offer immediate protection from fraud-related chargebacks RC 23/83 ("I didn't do it" chargebacks).

In fact, gaming merchants should consider combining AVS, CVV2 data matching and 3-D Secure™ only solutions at the time of online consumer registration. This will provide merchants with confirmation of the billing address data, prove that the consumer has the physical plastic in their possession (CVV2 match) and show whether the card issuer and/or the cardholder participate in Verified By Visa/MasterCard SecureCode™ for chargeback liability shift rights.

Pre-screening card data is vital to ensuring consumers are registering at your site with their own credit card, and the merchant can obtain chargeback liability rights on fraudulent chargeback codes.

No doubt, identifying your consumers prior to sales transactions during this uncertain time is more important than ever. Contact us today to implement quick and simple solutions for player authentication. ∎